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Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 TRSE-00 CIEP-01 FRB-03 OMB-01

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FM AMEMBASSY MANILA
TO SECSTATE WASHDC 4127

C O N F I D E N T I A L MANILA 5290

E O 11652: GDS
TAGS: ETRD, RP
SUBJ: US - PHILIPPINE TEXTILE NEGOTIATIONS

REF: A) STATE 86154, B) MANILA 3927, C) STATE 53994

1. INASMUCH AS EC/COM COUNSELOR HAS BEEN INFORMED BY INDUSTRY SOURCE THAT PHILIPPINE TEXTILE TEAM WAS EXTREMELY DISAPPOINTED BY RESULTS OF WASHINGTON CONSULTATIONS, A VIEW AT VARIANCE WITH THAT REPORTED REFTEL A, LUNCHEON WAS ARRANGED WITH UNDERSECRETARY PIO DE RODA TO EXPLORE STATE OF PLAY. DISCUSSION SERVED TO THROW LIGHT ON SEEMING PHILIPPINE DISINTEREST IN NEGOTIATING WHICH IS NOTED IN REFTEL A.

2. PIO DE RODA CONFIRMED THAT DESPITE RAPPORT AMONG MEMBERS OF BOTH PANELS, FILIPINOS WERE INDEED EXTREMELY DISAPPOINTED AT LACK OF RESULTS. PIO DE RODA EXPLAINED THAT THEY HAD SIGNED TEXTILE AGREEMENT AND WERE THEREFORE BOUND BY IT, AND THAT THEY WERE SERIOUS IN STATING THEY DID NOT INTEND TO RENEGOTIATE IT (REFTEL B). HOWEVER, THEY FEEL THAT PROBLEMS THEY HAVE ENCOUNTERED ARE GENUINE, AND IN PRESENTING PROBLEMS TO US THEY HAD EXPECTED THAT U.S. WOULD DO WHATEVER IT COULD TO ASSIST. WHILE RECOGNIZING THAT U.S. SIDE WILLING TO BARGAIN, THEY FELT THAT FOR THEM TO DO SO WOUL BE INCONSISTENT WITH THEIR POSITION OF NOT SEEKING TO RENEGOTIATE AGREEMENT.
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3. PIO DE RODA NOTED THAT CATEGORIES IN WHICH THEY HOPED
FOR RELIEF AMOUNTED TO LES THAN 3: 219, 221, AND 224-1
AND 3. CATEGORY 221 WAS MOST DISAPPOINTING OF THESE,
SINCE NON-TRADITIONAL 221 IS COVERED BY CONSULTATION
LEVEL, AND THEY HAD BEEN ASSURED DURING MANILA NEGOTIATIONS
THAT CONSULTATION LEVELS COULD BE INCREASED WITH RELATIVE
EASE. NOT ONLY WAS NO INCREASE BEING OFFERED, BUT
PROPOSAL TO SWITCH FROM TRADITIONAL TO NON-TRADITIONAL
AT 5:1 RATION WOULD, THEY BELIEVED, LEAVE THEM WORSE OFF.

4. EMBASSY DOES NOT UNDERSTAND U.S. CATEGORY 221 PROPOSAL,
AND PIO DE RODA WAS UNABLE TO EXPLAIN IT. WOULD APPRECIATE
CLARIFICATION AS TO PRECISELY WHAT IS INVOLVED. QUOTA
FOR CATEGORY 221, IS, OF COURSE, EXPRESSED IN DOZENS,
WITH A CONVERSION FACTOR TO SYE, AND EMBASSY DOES NOT
UNDERSTAND INTRODUCTION OF WEIGHT AND OF 5:1 RATIO. DOES
THIS MEAN THAT FOR EVERY FIVE DOZEN SUBTRACTED FROM TRADI-
TIONAL ONE DOZEN WILL BE ADDED TO NON-TRADITIONAL? IF SO,
SINCE CONVERSION FACTOR IS 36.8 FOR BOTH TRADITIONAL AND
NON-TRADITIONAL, WHAT WILL HAPPEN TO AGGREGATES?

5. EMBASSY BELIEVES THERE CONTINUES TO BE OBLIGATION
UNDER AGREEMENT TO DEAL WITH PHILIPPINE REQUEST FOR
INCREASE IN CONSULTATION LEVEL IN NON-TRADITIONAL 221 IN
AS FORTHCOMING A FASHION AS POSSIBLE. PARA ONE OF REFTEL
C, OF COURSE, ACKNOWLEDGES THIS. IT SEEMS CLEAR THAT
PIO DE RODA IS PROCEEDING IN GOOD FAITH FASHION, AND
IF WE INDICATE TO HIM MAXIMUM WHICH WE CAN DO IN CATEGORY
224 AS WELL AS 221, FORSEE LITTLE LIKELIHOOD THAT HE
WILL PRESS US TO DO MORE (ASSUME NO POSSIBILITY FOR ASSISTANCE
IN CATEGORY 219.).

6. RECOGNIZE LIMITED LEEWAY WHICH WE HAVE IN SENSITIVE
AREA OF TEXTILES. AT SAME TIME, WE HAVE AN OPPORTUNITY
IF WE CAN OFFER MEANINGFUL ASSISTANCE TO GENERATE GOODWILL
WHICH COULD HAVE IMMEDIATE PAYOFF IN OTHER PHASES OF OUR
RELATIONS. IN LIGHT OF ADDITIONAL INFORMATION WHICH PIO DE RODA
HAS PROVIDED AS TO FILIPINO MOTIVATIONS (PARA 2), RECOMMEND
THAT WASHINGTON DRAW UP FOR TRANSMITTAL TO PIO DE RODA
MAXIMUM OFFERING WHICH WE CAN PROVIDE IN CATEGORIES 221
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AND 224.
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NNN

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